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5 AUG 1976

MEMORANDUM FOR: Comptroller

FROM : James H. McDonald
Director of Logistics

VIA : Deputy Director for Administration

SUBJECT : Preliminary Federal Buildings Fund - Budget Estimate
FY 1978

REFERENCES : (a) Ltr dtd 14 Jun 76 to C/RECD fr GSA, Subject:
Preliminary Standard Level User Charge
Estimate for Fiscal Year 1978

(b) Ltr dtd 21 Jul 76 to GSA fr C/RECD, Subject:
FY 1978 Federal Buildings Fund Budget
Estimate

1. The Office of Logistics (OL) is in receipt of information and instructions from the General Services Administration (GSA) relative to the preparation of the Agency's Federal Buildings Fund (FBF) Standard Level User Charge (SLUC) budget estimate for FY 1978. GSA advises that for the first time the SLUC estimates for FY 1978 will be based upon charges developed from Fair Annual Rental (FAR) appraisals. GSA also advises that their estimates of SLUC based on FAR will not be transmitted to the Agency until sometime in September 1976. As the Agency is required to provide the Office of Management and Budget (OMB) with a preliminary SLUC budget by September 15, 1976, GSA, with OMB approval, has developed a methodology for the preparation of a preliminary budget estimate. The method involves two calculations, one for costs of existing space, and the other for the costs of proposed expansion space. The subtotal of these costs is to be multiplied by a 12 percent inflationary cost increase which covers the 2-year period. The preliminary budget estimate will have to be finalized as to the actual amount to be included in the Agency's budget for anticipated SLUC changes for FY 1978 in accordance with the GSA budget estimate based on FAR appraisals.

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2 IMPDET CL BY 009412

SUBJECT: Preliminary Federal Buildings Fund - Budget Estimate FY 1978

25X1A 2. In accordance with the instructions received, OL has calculated the FY 1978 SLUC budget estimate for Agency presently assigned space to be [REDACTED]

25X1A 3. In addition to presently assigned space, we must also budget for space changes which will impact on FY 1978 costs. The method of computation of costs for these anticipated space requirements consisted of using the basic quality rating of 90 and the SLUC Tier I rates (rate for space occupied after 1 July 1975) times the 12 percent escalation factor and, for decreased space, the actual FY 1976 cost times the escalation factor. The results of this computation show an increased cost of [REDACTED] for the Agency's projected space requirements as shown in attachment 1. Adding the SLUC estimate for presently assigned space to that for FY 1978 projected space charges, the total FY 1978 SLUC budget is [REDACTED] as shown on the total "GSA PL 92-313 (adjusted) estimate" prepared by this Office and attached as attachment 2. A breakdown of these FY 1978 costs for currently occupied space only is included as attachment 3.

25X1A 4. The Agency's FY 1978 budget must also make provision for those estimated costs for both recurring and nonrecurring reimbursable services rendered by GSA. Nonrecurring costs (i.e., ad hoc work orders and major projects payable to GSA) are estimated to total [REDACTED] based on currently proposed projects. 25X1A

25X1A 5. Regarding recurring reimbursable costs, we have encountered the same difficulty that was experienced in the preparation of the FY 1977 budget in that the datum furnished by GSA was incomplete and inadequate making it impossible to verify and amend as requested in reference (a). However, we have estimated these services based upon the Agency's recurring reimbursable service cost estimate for FY 1977 times a 10 percent escalation factor for labor costs and a 25 percent escalation factor for utility costs. The net result of this computation for labor and utilities totals [REDACTED]. In addition to the cost for labor and utilities, the projected cost for Federal Protective Service is estimated as [REDACTED]. Therefore, the total estimated cost for recurring reimbursable services payable to GSA amounts to [REDACTED]. 25X1A

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SUBJECT: Preliminary Federal Buildings Fund - Budget Estimate FY 1978

6. In summation, it would appear that the Agency's FY 1978 cost relating to Public Law 92-313 amounts to [REDACTED] as shown in attachment 2. It should be noted, however, that this is a preliminary budget estimate and it will have to be finalized when GSA furnishes the Agency's SLUC estimated cost for space based upon FAR appraisals.

25X1A

25X1A

[REDACTED]

James H. McDonald

5 Attachments

- Attachment 1 - Projected Space Requirements
- Attachment 2 - GSA PL 92-313 (Adjusted) Estimate
- Attachment 3 - Currently Occupied Space
- Attachment 4 - Reference (a)
- Attachment 5 - Reference (b)

cc: DD/A, w/atts

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Public Buildings Service
Washington, DC 20405



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25X1A

Mr. [REDACTED]
Real Estate And Construction
Division
Central Intelligence Agency
Washington, D. C.

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Dear Mr. [REDACTED]

This letter transmits information which will assist you in determining your agency's Fiscal Year 1978 Federal Buildings Fund (FBF) budgetary requirements for: (1) Standard Level User Charges (SLUC) and (2) reimbursable services to be provided by the General Services Administration (GSA). This information is provided by GSA as a service to your agency. I am sure you recognize that ultimate responsibility for identifying and quantifying the components of your budget rests with your agency.

I am especially pleased to inform you that this is the first budget estimate which uses Fair Annual Rental (FAR) appraisals as the basis for developing SLUC rates. Enclosed are:

Exhibit I - estimated Fiscal Year 1978 SLUC, on the basis of space occupied by your agency as of July 30, 1976.

Exhibit II - estimated Fiscal Year 1978 SLUC representing the quantified value of space changes your agency has reported to GSA which are anticipated from August 1, 1976, through the end of Fiscal Year 1978.

Exhibit III - estimated Fiscal Year 1978 cost of recurring reimbursable services to be provided by GSA on the basis of information supplied by your agency.

Exhibit IV - estimated Fiscal Year 1978 cost of non-recurring reimbursable services provided by GSA.

It is GSA's policy that the SLUC rates per square foot, applied to your space, are firm rates and will not be increased during Fiscal Year 1978. However, the charge for your space is subject to change as space is added and/or relinquished during Fiscal Year 1978.

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In order to ensure the validity of the SLUC budget estimate that you will submit to OMB and the Congress, we suggest that your review of the enclosures should include the following:

Exhibit I - substantiate that: (1) all space assignments for your agency are included; (2) the proper square footage is recorded for each assignment; and (3) the proper space classification has been assigned. Any discrepancies should immediately be brought to the attention of the appropriate GSA regional offices.

Exhibit II - confirm that information is identical to data your agency provided GSA concerning plans for space changes between August 1, 1976, and the end of Fiscal Year 1978. In addition, please note that the average rates, calculated by Standard Metropolitan Statistical Areas, were used by GSA to price the projected changes in space. Accordingly, actual costs of individual assignments may be increased and/or decreased as square footages change and as actual buildings in which assignments will be made are identified. Any significant changes for projected space should be documented and mailed to:

Office of the Executive Director
Public Buildings Service
General Services Administration
18th & F Streets, N.W., Room 7311
Washington, D.C. 20405

Exhibits III and IV - confirm that estimated cost of recurring and nonrecurring reimbursable services is based on information you provided GSA. Any error and/or omissions should be brought to the attention of Building Management personnel whose names appear in the beginning of each exhibit.

I would like to reemphasize the need for you to carefully review the entire package to ensure that budget information provided to the Office of Management and Budget, for inclusion in the President's budget, is accurate. Finally, I would appreciate your agency providing GSA with a memorandum containing the final dollar value and square footage amount which you are requesting for existing space (Exhibit I), space projections (Exhibit II), and the final dollar value for reimbursable services (Exhibits III and IV). Please send to the following address: Office of the Executive Director, Public Buildings Service, General Services Administration, 18th & F Streets, N.W., Room 7311, Washington, D.C. 20405.

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Thank you for your cooperation and assistance in helping develop SLUC rates for Fiscal Year 1978. If you have further questions regarding the information being enclosed, please contact the Office of the Executive Director on 566-0900.

Sincerely,

(Signed) Nicholas A. Panuzio

NICHOLAS A. PANUZIO
Commissioner

Enclosures